

Message Text

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PAGE 01 MOSCOW 14642 171341Z

11
ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 SP-02 USIA-06 AID-05 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 XMB-02

CIAE-00 DODE-00 INR-07 NSAE-00 PA-01 PRS-01 DOTE-00

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R 171232Z SEP 76
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 8795
INFO USDOC WASHDC

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USDOC FOR BEWT/DOWNEY AND TDAD

E.O. 11652: N/A
TAGS: ECRE, BENC, EAIR, UR, ETRD
U.S. LED CONSORTIUM MAY LAND DOLS 80-120 MILLION
CONTRACT FOR CONSTRUCTION OF NEW MOSCOW AIRPORT TERMINAL

REF: USDOC 1373, 3199; MOSCOW 1822, 2221, 3059, 3066, 6268

1. RICHARD ADLER, PARTNER IN BRODSKY, HOPF AND ADLER, (BHA), TOLD COMOFF SEPT 16 THAT CONSORTIUM LED BY HIS NEW YORK-BASED ARCHITECTURAL FIRM HAS EXCELLENT PROSPECTS OF WINNING CONTRACT FOR TERMINAL COMPLEX AT NEW MOSCOW AIRPORT.

2. SINCE DISPATCH OF MOSCOW 6268 IN APRIL, BHA HAS RESTRUCTURED ITS CONSORTIUM, ADDING NICOLAS REISINI'S ROBIN INTERNATIONAL OF NEW YORK AND OTHER NEW PARTNERS ADLER DECLINED TO NAME. ACCORDING TO ADLER, THIS NEW GROUP WAS THEN ABLE TO OBTAIN SUFFICIENT FINANCIAL BACKING FROM U.S. SOURCES TO ENABLE THEM TO OFFER SOVIETS 100 PERCENT FINANCING FOR PROJECT'S FOREIGN EXCHANGE COSTS AT SEVEN PERCENT INTEREST WITH REPAYMENT BEGINNING ONLY AFTER COMPLETION. LABOR FORCE WOULD CONSIST OF SOME 600

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PAGE 02 MOSCOW 14642 171341Z

YUGOSLAV WORKERS. SOVIETS SIGNED MEMORANDUM OF UNDERSTANDING

IN AUGUST EXPRESSING AGREEMENT IN PRINCIPLE WITH FINANCING AND DESIGN CONCEPT.

3. FOLLOWING TECHNICAL TALKS WITH V/O SOYUZ-VNESHSTROYIMPORT AND AEROFLOT CHIEF ARCHITECT THIS WEEK. ADLER EXPRESSED STRONG OPTIMISM THAT HIS GROUP WOULD RECEIVE CONTRACT. HE CITED SOVIET DECISION TO GIVE HIM FULL GEOLOGICAL AND TOPOGRAPHICAL INFORMATION AND COMPLETE PROGRAM OF SPCE REQUIREMENTS IN VARIOUS AIRPORT AREAS. MORE IMPORTANT TO HIM, HOWEVER, WAS HIS MEETING OF MINDS WITH AEROFLOT ARCHITECT ON CONCEPT AND TECHNICAL DETAILS. SESSIONS ENDED WITH SOVIET REQUEST THAT BHA RETURN IN MID-OCTOBER WITH DRAFT LETTER OF INTENT COVERING ALL KEY COMMERCIAL AND TECHNICAL QUESTIONS, THIS DOUCMENT WOULD PROVIDE BHA WITH GUARANTEES NECESSARY TO UNDERTAKE DETAILED, EXPENSIVE WORK NECESSARY FOR SIGNATURE OF COMPLETE CONTACT SOME FOUR MONTHS THEREAFTER. TERMINAL COULD THEN BE COMPLETED IN TIME FOR 1980 OLYMPICS.

4. ADLER SETIMATED THE TERMINAL COMPLEX'S FOREIGN EXCHANGE COSTS WOULD RUN BETWEEN DOLS 80 AND 120 MILLION, FINAL PRICE WILL DEPEND ON WHETHER ADJOINING HOTEL IS EVENTUALLY DROPPED AND ON WHAT MATERIALS AND SPECIAL FEATURES SOVIETS EVENTUALLY CHOOSE. ACCORDING TO PRESENT DESIGN, TERMINAL WILL HAVE 19 GATES AND ACCOMODATE SIX MILLION PASSENGERS PER YEAR. ADLER EXPECTS THAT MOST EQUIPMENT WOULD BE PURCHASED FROM BRITISH SUBSIDIARIES OF U.S. FIRMS AS HE BELIEVES THIS SOURCE OFFERS BEST COMBINATION OF QUALITY AND ECONOMY.

5. ADLER WAS APPRECIATIVE OF EXTENSIVE SUPPORT PROVIDED BY EMBASSY'S COMMERICAL OFFICE OVER PAST NINE MONTHS. ALTHOUGH PRESS HAS ALREADY REPORTED BHA'S INTEREST IN PROJECT, HE REQUESTED THAT ABOVE DETAILS BE HELD STRICTLY CONFIDENTIAL.

6. COMMENT: ADLER WAS ASSISTED IN HIS NEGOTIATIONS BY ROBIN INTERNATIIONAL EMPLOYEE WELL VERSED IN DEALING LIMITED OFFICIAL USE

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PAGE 03 MOSCOW 14642 171341Z

WITH SOVIETS. WE ARE THEREFORE INCLINED TO CREDIT HIS BELIEF THAT BHA'S CHANCES ARE EXCELLENT. ASKED ABOUT COMPETITORS, HE REPLIED THAT SOVIETS AVE NOT NAMED ANY OTHER FIRM AND ONCE REFERRED TO "COMPETITION" IN JOKING FASHION. WE NEVERTHELESS FIND IT SURPRISING THAT SOVIETS WOULD TURN AT THIS TIME TO AMERICAN FIRM FOR MOST INTERNATIONALLY VISIBLE CONSTRUCTION PROJECT IN USSR.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, BUSINESS FIRMS, CONTRACTS, AIRPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MOSCOW14642
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760352-1061
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760949/aaaabpsa.tel
Line Count: 116
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 MOSCOW 1822
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 12 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 MAY 2004 by ElyME>; APPROVED <09 SEP 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: ECRE, BENC, EAIR, ETRD, UR, US, BRODSKY & HOPF & ADLER
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006